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W.M. (39)

CC's Conclusions.

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WAR CABINET 96 (39).

CONCLUSIONS of a Meeting of the War Cabinet held at 10 Downing Street, S.W. 1, on Monday, November 27, 1939, at 11.30 A.M.

Present :

The Right Hon. NEVILLE CHAMBERLAIN, M.P., Prime Minister (<i>in the Chair</i>).	
The Right Hon. Sir JOHN SIMON, K.C., M.P., Chancellor of the Exchequer.	The Right Hon. VISCOUNT HALIFAX, Secretary of State for Foreign Affairs.
Admiral of the Fleet the Right Hon. LORD CHATFIELD, Minister for Co-ordination of Defence.	The Right Hon. WINSTON S. CHURCHILL, M.P., First Lord of the Admiralty (<i>Items 1-8</i>).
The Right Hon. L. HORE-BELISHA, M.P., Secretary of State for War.	The Right Hon. Sir KINGSLEY WOOD, M.P., Secretary of State for Air.
The Right Hon. Sir SAMUEL HOARE, Bt., M.P., Lord Privy Seal.	The Right Hon. LORD HANKEY, Minister without Portfolio.

The following were also present :

The Right Hon. the EARL STANHOPE, Lord President of the Council (<i>Item 10</i>).	The Right Hon. Sir JOHN ANDERSON, M.P., Secretary of State for the Home Department and Minister of Home Security.
The Right Hon. ANTHONY EDEN, M.P., Secretary of State for Dominion Affairs.	The Right Hon. E. L. BURGIN, M.P., Minister of Supply (<i>Item 9</i>).
Mr. R. H. CROSS, M.P., Minister for Economic Warfare (<i>Item 9</i>).	Sir HORACE J. WILSON, Permanent Secretary to the Treasury.
Air Chief Marshal Sir CYRIL L. N. NEWALL, Chief of the Air Staff.	Admiral of the Fleet Sir DUDLEY POUND, First Sea Lord and Chief of Naval Staff (<i>Items 1-8</i>).
General Sir W. EDMUND IRONSIDE, Chief of the Imperial General Staff.	Sir EDWARD MELLANBY, Secretary Medical Research Council (<i>Item 10</i>).

Secretariat.

Sir EDWARD BRIDGES.
Major-General H. L. ISMAY.
Captain A. D. NICHOLL, R.N.
Mr. F. HEMMING.
Mr. W. D. WILKINSON.
Wing Commander W. ELLIOT.
Lieutenant-Colonel W. PORTER, R.E.

WAR CABINET 83 (20).

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(Previous
Reference:
W.M. (89) 95th
Conclusions,
Minute 1.)

1. The Secretary of State for Air informed the War Cabinet that, with a high wind only blowing on the previous day, there had been little enemy air activity. A patrol of our own fighters had made a sweep 250 miles East and back over the North Sea, but had sighted no enemy aircraft or shipping.

The War Cabinet took note of the above statement.

The Naval
Situation.
Sinking of the
Rawalpindi.
(Previous
Reference:
W.M. (89) 95th
Conclusions,
Minute 2.)

2. The First Lord of the Admiralty informed the War Cabinet that the ten survivors of the *Rawalpindi*, who had been picked up by the *Chitral*, had arrived in this country. He read an account of the engagement, compiled at the Admiralty from the description given by these men, which showed clearly that this Armed Merchantman—a converted P. & O. liner—had fought to the death, firing its guns until the last possible moment.

Besides the ten men picked up by the *Chitral*, another thirty or forty were believed to have been rescued by the *Deutschland*, but it was to be feared that there were no other survivors.

Details of this engagement must now be given to the Press, and the First Lord proposed that they should be supplied with an abridged version of the account which he had just read. This would describe the dangerous character of the duty on which the *Rawalpindi* had been employed on the Northern Patrol, the manner in which she had been engaged by the German warships, the misfortune of the sudden and heavy rainstorm which had caused the *Newcastle* to lose contact; and would end by saying that the search for the *Deutschland* was continuing.

In reply to a question by the Secretary of State for the Dominions, the First Lord undertook to ascertain whether there had been any Dominions, and in particular Canadian, personnel on board the *Rawalpindi*.

Continuing, the First Lord gave the War Cabinet the present dispositions of the Fleet in its search for the *Deutschland*. These, except for minor changes, remained the same as on the previous day.

In reply to a question by the Prime Minister, the Chief of Naval Staff said that the Commander-in-Chief, Home Fleet, had not withdrawn any destroyers from the Western Approaches on account of the search for the *Deutschland*.

Exceptionally heavy weather had been experienced in the North Sea and North Atlantic and one or two ships had been damaged. The submarine *Triad* had reported herself out of action in a position close to the Norwegian coast, and it might be necessary to take her in tow. Air protection was being provided. The S.S. *Uskmouth* (2,483 tons) had been sunk by gunfire from a U-boat.

It was now confirmed that the Polish ship *Pilsudski* (reported damaged at the previous meeting) had been torpedoed and sunk. It had been intended to use this ship as a depot ship for the crews of Polish destroyers and submarines. It might be thought appropriate to replace the *Pilsudski* for this purpose by captured German ships, and the Admiralty were pursuing the matter.

Referring to the provision of balloon defences for the Thames Estuary, the First Lord of the Admiralty said that, largely due to the helpful assistance given by the Port of London Authority, six balloons tethered to barges had been in use on the previous night. The numbers would be increased.

The War Cabinet took note of the above statements.

**Publication of
Names of
Survivors.**

Use of B.B.C.
(Previous
Reference:
W.M. (39) 95th
Conclusions,
Minute 2.)

3. *The First Lord of the Admiralty* said that the B.B.C. had been unwilling to accede to a request from the Admiralty to publish the names of the survivors of the *Rawalpindi*. He felt that this was a case in which, the ship's name having been announced, it was desirable that the names of known survivors should be published at the earliest possible moment, in order to prevent unnecessary distress to dependents. He had been at a loss to understand the B.B.C.'s refusal in the matter.

The Lord Privy Seal asked what procedure was normally followed by the B.B.C. as regards publishing names of survivors.

The Chancellor of the Exchequer remarked that the procedure suggested might give rise to difficulties in any case where the names of known survivors ran into hundreds.

The War Cabinet invited the Lord Privy Seal to enquire into the matter.

**The Military
Situation.**

(Previous
Reference:
W.M. (39) 95th
Conclusions,
Minute 4.)

4. *The Secretary of State for War* said that he had nothing to report.

Weekly reports.

(Previous
Reference:
W.M. (39) 89th
Conclusions,
Minute 6.)

5. The War Cabinet had before them the *Weekly Résumé* (No. 12) by the Chiefs of Staff (Paper W.P. (39) 137).

The First Lord of the Admiralty undertook to consider a suggestion made by the Secretary of State for Foreign Affairs to add to the table of British losses corresponding particulars in regard to neutral shipping losses.

**Dominion
Air Training
Scheme.**

(Previous
Reference:
W.M. (39) 94th
Conclusions,
Minute 5.)

6. The War Cabinet again discussed the questions outstanding in connection with the Dominion Air Training Scheme, dealt with in a Memorandum by the Secretary of State for Air (Paper W.P. (G.) (39) 105).

The Secretary of State for Air reminded his colleagues that, as he had informed the War Cabinet two days earlier, a telegram had been despatched authorising the initialling of an Agreement, subject to reference to the War Cabinet of the following two points:—

- (1) our over-all financial arrangements with the Canadian Government;
- (2) the priorities of Canada's war effort.

We had also proposed that an announcement should be made that an Agreement *ad referendum* had been initialled.

The following further telegrams were handed round to the War Cabinet:—

Telegram No. 710, dated the 25th November, and 713, dated the 26th November, from the High Commissioner in Canada;

Telegram No. 531, dated the 22th November, to the High Commissioner in Canada.

A draft was also handed round of a further telegram which it was proposed that the Prime Minister should send as a personal message to Mr. Mackenzie King.

These telegrams, the draft reply and a copy of the reply as finally approved, are being circulated for purposes of record as Paper W.P. (G.) (39) 120.

Considerable discussion took place in regard to these telegrams and to the proposed draft reply.

The outstanding financial questions.

The Chancellor of the Exchequer drew attention to the statement in Telegram No. 713 that Mr. Mackenzie King felt that it was quite unnecessary at this stage to delay matters for the visit to this country of Mr. Towers. This was directly opposed to Mr. Mackenzie King's former position, as it was he who had asked that the Treasury should see the Governor of the Bank of Canada before the close of the London financial discussions.

The Chancellor of the Exchequer called attention to two very difficult requests which the Canadian Government had made. The first was that the Canadian Government should be allowed to deduct the cost of training Canadian pilots in Canada (estimated at 313 million dollars, spread over three years) from the loan which they were raising on our behalf in Canada. This would have a serious effect on our dollar purchases after the first year of war. The second was that the Minister of Food should contract to buy Canadian wheat at a much higher price than the price at present being paid (70 cents per bushel). Acceptance of this second request would mean a steep rise in the cost of living in this country.

Priority to be accorded to the Dominion Air Training Schema.

Considerable discussion ensued as regards the statement in Telegram No. 713 that Mr. Mackenzie King's "whole case is that the Canadian Government's views as to preference of effort are primarily for themselves to decide and should be accepted by His Majesty's Government in the United Kingdom in that spirit." Did this represent a real change in Mr. Mackenzie King's attitude, or had there perhaps been some misunderstanding on the part of Sir Gerald Campbell as to the Canadian Prime Minister's attitude?

The general view of the War Cabinet was that the right way of dealing with this point was to refer to Mr. Mackenzie King's request for an assurance that the Canadian Government's views as to preference of effort was primarily for themselves to decide, and that we would accept their decision in that spirit; to say that we were prepared to give this assurance, as it was for Canada to decide on the priority of her effort, and we should not think of interfering with Canada's opinion.

The draft was approved, subject to the following amendments:—

Draft of Personal Message from the Prime Minister to Mr. Mackenzie King.

Paragraphs 4 and 5.—These paragraphs to be omitted and a new paragraph inserted, on the lines indicated in discussion.

Paragraph 6.—The first half should be omitted, and the substance of the second half retained.

Paragraph 7.—This paragraph to be omitted.

Paragraph 8.—The first sentence to be retained. The remainder of the paragraph to be omitted, with the substitution of words to the following effect:—

"In these circumstances, I should like to appeal to you to agree to initial the Agreement with us so that we may now take this essential step forward in our joint war effort."

Paragraph 9.—This paragraph to be omitted.

The War Cabinet invited the Prime Minister to send to Mr. Mackenzie King a telegram on the lines approved in the course of discussion.

Finland.
Threat by the
U.S.S.R.
(Previous
Reference:
W.M. (39) 92nd
Conclusions,
Minute 12.)

7. *The Secretary of State for Foreign Affairs* drew attention to telegram No. 472, dated the 25th November, 1939, from His Majesty's Ambassador, Moscow, reporting that an official announcement had been made on the Soviet wireless that evening. According to this announcement, the Soviet Government, as a result of a serious incident on the Soviet-Finnish frontier, had addressed a Note to the Finnish Government demanding that the Finnish troops on the Karelian Isthmus should be withdrawn for a distance of between 20 and 22 kilometres since, it was alleged, the presence of Finnish troops at their present strength so near to Leningrad represented not only a danger, but also a hostile act. In the Secretary of State's opinion, it was too early to say whether the Soviet Government intended to push their threat home. Apparently the Soviet Note to Finland did not take the form of an actual ultimatum. According to his information, it might be possible for both the Finnish and the Soviet troops to make a slight token withdrawal behind the frontier, though it would not be possible for the Finnish army to withdraw the distance suggested in the Soviet Note without abandoning the whole of their defensive system. He had previously arranged to see M. Maisky, the Soviet Ambassador, that afternoon, and he proposed to take the opportunity to question him on the matter. He fully expected, however, to be told that the Ambassador had no information. He proposed at the same time to raise the question of Soviet-Japanese relations.

The War Cabinet took note of the above statement.

The Far Eastern
Situation.
Tientsin silver
question.
(Previous
Reference:
W.M. (39) 63rd
Conclusions,
Minute 9.)

8. *The Secretary of State for Foreign Affairs* said that he was not at present in a position to submit considered proposals in regard to the handling of the Far Eastern situation. It appeared, however, from telegram No. 1545 dated the 25th November, 1939, from His Majesty's Ambassador, Tokyo, that there might be a possibility of settling the Tientsin incident on the lines which we had already agreed were acceptable, namely, the silver to be sealed in a neutral bank and part of it to be used for flood relief in the province of Hopei, where distress was very great. If a settlement on these lines was practicable, we should be well advised to instruct Sir Robert Craigie to reach an agreement on that basis, but it would be necessary at the same time to inform the United States Government and General Chiang Kai-shek of the action we were taking. Our general policy should be to improve relations with Japan in so far as this was possible without antagonising the United States or abandoning General Chiang Kai-shek. A struggle was going on in Japan between those who favoured a rapprochement with Germany through the Soviet, and those who desired Japan to draw nearer to the democracies. Everything pointed to the near approach of a turning point in Japanese policy, and it would be wrong to miss any chance of drawing Japan closer to our side.

The First Lord of the Admiralty said that, while he agreed that it would be wise to reach a settlement of the Tientsin incident, if this were possible, he felt that Sir Robert Craigie was perhaps rather over-optimistic in regard to Japanese intentions. It was of the first importance that we should not abandon General Chiang Kai-shek, and also that we should not antagonise the United States. He was very doubtful whether the attainment of these objects was compatible with any real improvement of our relations with Japan.

The Prime Minister agreed that there were two schools of thought in official Japanese circles, and the question was whether it would be possible for us to give sufficient encouragement to those favouring an approach to the democracies to enable them to win the upper hand. It was true that in the field of practical action

the Japanese had not shown any wish to meet our point of view; and, indeed, their protest regarding our decision to seize German airports had been more vigorous than that received from any other nation.

The Secretary of State for Foreign Affairs said that no doubt there were elements at Chungking who were opposed to any improvement in Anglo-Japanese relations. On the other hand the statement made by the Japanese Prime Minister on the 25th November, 1939, reported in telegram No. 1552, dated the 26th November, 1939, from His Majesty's Ambassador, Tokyo, suggested for what it was worth, that, if England extended a hand to Japan it would not be rejected. The whole subject was extremely complex and required the most careful thought.

The War Cabinet agreed:—

- (i) That the Foreign Secretary should inform Sir Robert Craigie that he is authorised to settle the Tientsin Silver incident on the lines indicated (namely, the silver to be sealed in a neutral bank and part of it to be used for flood relief) if a settlement can be obtained on these terms.
- (ii) As a first step to consideration of the Far Eastern situation generally, to request the Chiefs of Staff's Committee to prepare an appreciation of the Sino-Japanese military situation at the present time.

Yugoslavia:
Supply of Arms.
Government's
refusal to export
minerals except
in return for
armaments.

9. The War Cabinet had under consideration a Memorandum by the Secretary of State for Foreign Affairs (W.P. (G.) (39) 117).

The Secretary of State for Foreign Affairs explained the situation which had arisen from the action of the Yugoslav Government in proclaiming a Government mineral monopoly and in refusing to export minerals except in return for armaments. Since we, ourselves, were unable to supply armaments other than certain air material already promised, it was suggested that we should supply Yugoslavia by purchase from Italy or, failing that, from the United States of America. He realised that this latter proposal involved the provision of dollar exchange, but if the minerals were not obtained from Yugoslavia they would probably have to be purchased from dollar areas.

The Secretary of State for Air said that no aircraft orders had, as yet, been placed with Italy. The Air Ministry were hoping to obtain 600 twin-engined training aircraft, some of which would be of the bomber type, but without armaments and 200 single-engined fighter aircraft. It might be possible to spare 100 bombers, and 50 fighters at the end of the production run of deliveries for ourselves. No dates for supply to Yugoslavia could be given as delivery estimates had not yet been received from the Italians.

The Secretary of State for War said that he had instituted, through the Military Attaché in Rome, urgent enquiries regarding the supply of land armaments from Italy. If, however, suitable types were available we should require them ourselves to make good our own shortages. There might, however, be certain supplies which would not be suitable for our own use and which could be made over to the Yugoslavs.

The Minister of Supply said that the enquiry into supply of anti-tank guns from Italy was, as yet, at its preliminary stage. If the type proved suitable for British Army requirements, he would like to place the order at once. It was, however, not decided in the War Cabinet whether any priority was to be given to the supply of anti-tank guns from Italy.

against a total requirement of 6,800. A supply of certain types of ammunition might also be arranged in Italy. The allocation of any portion of the Italian supplies to Yugoslavia was a matter for decision by the War Office.

The Minister for Co-ordination of Defence pointed out that before the War we had promised to supply the air material detailed in the Foreign Office paper to Yugoslavia on credit terms. Since then, the Yugoslav Royal Decree had been published, which altered the whole basis of the export of minerals, and thus introduced an entirely new element into the situation. He felt, therefore, that, while we should adhere to our promise to provide aircraft for Yugoslavia, we should do so only in return for an equivalent value of minerals.

The Chancellor of the Exchequer agreed. Before the war, the Prince Regent had been promised these aircraft supplies, but the Yugoslav action in placing obstacles in the way of our obtaining minerals might well be held to cancel any promise previously made by us. He saw two objections to the Foreign Office proposal to supply arms from Italy or the United States to Yugoslavia in return for minerals; firstly, that both the French and ourselves required all the arms obtainable, and, secondly, that purchases from the United States would entail dollar expenditure. He, therefore, supported the suggestion of the Minister for Co-ordination of Defence that we should only supply the air material promised in exchange for minerals. He also felt that we should ascertain the attitude of the French Government to the action taken by the Yugoslavs.

The Minister of Supply said that there were French Missions in Yugoslavia negotiating for the supply of magnesite and chrome, while we ourselves had a Mission in that country. The French were expecting to obtain 30,000 tons of copper from Yugoslavia, and would probably demand this quantity from us if Yugoslav supplies failed. Our own requirements of copper for the first year of war was 593,000 tons, to which must be added 86,000 tons already demanded by the French in the form of brass. The visible supply was some 540,000 tons, leaving a deficiency of 146,000 tons. It was, therefore, of some importance that Yugoslav supplies should be maintained.

The Secretary of State for Foreign Affairs recognised that there was much force in the policy suggested by the Minister for Co-ordination of Defence and the Chancellor of the Exchequer. He felt, however, that it was not quite fair to say that Yugoslavia was deliberately placing obstacles in the way of our obtaining minerals. The prime need of the Yugoslavs was for arms, and he felt that, having promised air material on credit terms, we should now adhere to our promise. He was, however, prepared to make a personal approach to the Prince Regent on the lines suggested by the Minister for Co-ordination of Defence, but thought that we should await the result of the enquiries which the Secretary of State for War was making in Italy before finally deciding on our action.

The Minister for Co-ordination of Defence pointed out that the Turkish authorities had already expressed grave concern over our failure to supply them with anti-tank guns. If we now obtained anti-tank guns from Italy for the Yugoslavs, the Turkish reaction would certainly be very violent.

The Prime Minister suggested that it would be preferable to give them some other form of compensation, as the Secretary of State for War had suggested. He thought that the Turkish reaction towards this

decision had been ascertained, and when further information regarding Italian armaments supplies was available.

The War Cabinet agreed:—

- (i) To invite the Secretary of State for Foreign Affairs to ascertain the attitude of the French Government to the Yugoslav action in declaring a Government mineral monopoly, and particularly in relation to the copper output of the Mine de Bor.
- (ii) To invite the Secretary of State for Foreign Affairs, after the French attitude has been defined, to make a personal approach to the Prince Regent of Yugoslavia suggesting that the action of his Government had materially changed the circumstances in which the British Government promised to supply air frames and aero engines on credit terms, and that the Yugoslav attitude, if maintained, might force us to reconsider the supply of air material, except in exchange for minerals.
- (iii) To invite the Secretary of State for War to report to the War Cabinet the result of his enquiries into the supply of land armaments from Italy.
- (iv) To give further consideration to the Memorandum by the Secretary of State for Foreign Affairs on Arms for Yugoslavia (Paper W.P. (G.) (39) 117) when the attitude of the Prince Regent to the representations by the Secretary of State for Foreign Affairs (Conclusion (ii) above) had been ascertained, and when the report in Conclusion (iii) had been submitted.

Bacteriological Warfare.

10. The War Cabinet had under consideration Memoranda by the Lord President of the Council and the Minister for Co-ordination of Defence on Bacteriological Warfare (Papers W.P. (G.) (39) 111 and 112).

The Prime Minister, in asking the Lord President of the Council to introduce his Memorandum, said that he gathered that the danger from bacteriological warfare was not regarded as acute.

The Lord President of the Council confirmed that this was so. Typhoid and cholera were the only exceptions and the danger of these came from sabotage, as distinct from aircraft. As regards the possible infection of cattle, the Medical Research Council considered that Foot-and-Mouth Disease represented the most serious danger and that, if deliberately spread by aircraft, it might take hold to an extent which might force us to abandon our present methods of dealing with this disease by slaughter, and to resort to the continental practice of keeping the cattle alive and segregating them. The disadvantage of this was that it took a year to cure the animal and that the method would inevitably have a serious effect on our milk and food supplies. The question had been carefully considered by the Ministry of Agriculture and Fisheries, who felt that the question of departing from our present policy of slaughter could only be decided when the time came, in the light of the extent of the outbreak.

The Minister for Co-ordination of Defence said that the Memorandum (Paper W.P. (G.) (39) 112), which he had prepared to accompany the Lord President's Memorandum, gave a summary of all the preparations which had been made up to date for defence against the possibility of bacteriological warfare. These had been carried out on the recommendation of a Sub-Committee of the Committee of Secretary of Defence, of which Lord Stanley had been

On the outbreak of the war, this Sub-Committee had been transferred to the Ministry of Health, but he had suggested in paragraph 4 of his Note, as a result of a certain extension of our preparations which had been authorised by the Prime Minister, that the Committee should be reconstituted, with the addition, possibly, of members of the Fighting Services. The Minister of Health had agreed to this proposal. He (the Minister for Co-ordination of Defence) suggested that the Minister without Portfolio should be invited to assume the Chairmanship of the reconstituted Committee, in view of his intimate knowledge of the subject.

The Minister without Portfolio said that he would be glad to do this.

The War Cabinet agreed :—

- (1) That the Committee which formerly dealt with the investigation of bacteriological warfare should be reconstituted as a War Cabinet Committee.
- (2) To invite the Minister without Portfolio to reassume the Chairmanship of the Committee and to arrange the details of its reconstitution, as he thought fit.

*Richmond Terrace, S.W. 1,
November 27, 1939.*